

There is no fixed limit upon the note issues of the Batik of the Netherlands, but the decree of August 16, 1884, fixed the proportion of the metallic reserve at forty per cent, of the aggregate of notes and deposits. The law imposes no restrictions on the proportion of gold and silver, but since 1872 the bank has ceased to buy silver and has added as much as possible to its gold. Holland suspended the free coinage of silver in December, 1877, and has maintained her monetary system at parity with gold by treating the silver coins as tokens, redeemable in gold.

The monetary system maintained by the Bank of the Netherlands is of peculiar interest, because of the demonstration which it affords that, within narrow limits at least, it is possible to maintain the gold standard with very little gold and while the money of circulation is chiefly of silver and paper. The bank pursues a policy directly opposite from that of the Bank of France, by furnishing gold freely for export and sparingly for domestic circulation. The purpose of this policy is to maintain the parity of foreign exchange, because of the conviction that a refusal to furnish gold for export would put the metal at a premium and precipitate the country upon a silver basis. This danger was a serious one in 1883. The gold reserve, which had been at 56,924,000 florins at the close of 1880, declined in October, 1882, to 11,306,638 florins and in February, 1883, to 5,391 florins (\$2,150,000). A bill was promptly introduced in the States-General, authorizing the melting of 25,000,000 florins in old pieces of two and a half florins and their sale as bullion, in order to obtain gold. The bill did not become law until March 4, 1884, but the exchanges in the meantime became favorable and the stock of gold rose on April 21, 1883, to 31,000,000 florins (\$12,400,000). The bank now stands ready to furnish gold for export or to furnish silver at its bullion value, while the old stock of large silver coins is being gradually reduced by subsidiary coinage for Holland and Java.<sup>1</sup>

<sup>1</sup> *Bimetallism in Europe*, Sen. Ex. Doc. 34, 50th Cong.,  
1st Sess., 33.